

The complaint

Mr B complains that AMERICAN INTERNATIONAL GROUP UK LIMITED (AIG) unfairly declined a claim he made on his excess protection insurance policy.

What happened

Mr B bought an excess protection insurance policy with AIG.

Following renting a car abroad, Mr B unfortunately damaged it. As a result, he had to pay the rental company the cost of those repairs.

After doing so, he made a claim to AIG for what he'd paid the hire company for the repairs.

AIG declined Mr B's claim. It said it was a condition of the policy that a collision damage waiver (CDW) was purchased at the rental desk when hiring the car. It said there was no evidence to support this happening – so the claim wasn't covered.

Mr B didn't think this was fair. He said he did purchase a CDW, not at the desk, but when he booked the hire online. As a result, he thinks AIG should pay his claim.

AIG didn't change its stance, so, Mr B brought his complaint to this Service.

Our Investigator recommended it be upheld. He said he was persuaded that a CDW was purchased and so thought the fair outcome was to pay Mr B's claim. He also recommended it pay Mr B £75 compensation for the distress and inconvenience caused by declining the claim unfairly.

Mr B accepted this assessment. AIG didn't and asked for an Ombudsman's decision. It said the binding contract was the rental agreement signed at the desk, not the booking confirmation email. It said the contract at the desk showed no signs of the CDW being taken out so maintained there was no cover under the policy.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I'm upholding it for the same reasons as our investigator. Ultimately, I'm persuaded that a CDW was taken out by Mr B and that the policy should therefore engage and pay his claim. I'll explain my reasoning.

The policy says there's no cover provided for *“any claim where You have not accepted or not purchased the Car Rental Company's vehicle insurance, (commonly known as CDW & SLI - Collision Damage Waiver and Supplemental Liability Insurance) at the rental counter...”*

It's not really in dispute here that the CDW was not taken out at the rental desk. No one is really making the argument that it was. So, under a strict application of the terms, AIG would be entitled to decline Mr B's claim. But a strict application of the terms doesn't always lead to

a fair outcome – such as I find to be the case here.

Based on everything I've seen, I am persuaded that a CDW was taken out. It's clear on the booking confirmation that included in the price Mr B paid for the booking of the rental car was a CDW. And I think this goes some way to explaining why it doesn't show on the documents completed at the desk. Ultimately why would Mr B pay for something at the desk if he already had paid for it as part of the booking?

I take the point that the rental document doesn't show a CDW taken out, and that it could have done so, even if it was paid for as part of the booking and not taken out at the desk. But I find this, if anything, is more of an administration error than conclusive evidence that a CDW wasn't taken out.

I also note that the deposit paid when Mr B took the car is equal to the excess on the CDW. I appreciate AIG's point that this deposit could and often does cover other things such as fuel. But in light of the other evidence, I find it more likely supports that the CDW was taken out.

So, in summary, I accept there's no evidence to support that a CDW was taken out at the rental desk. But I'm persuaded that a CDW was taken out, as part of the booking.

And I've not been provided anything to show how a CDW taken out at the point of booking, as opposed to at the rental desk, prejudices AIG in any way.

Mr B's claim is for the repair only, not the total excess of the CDW. And I think that's understandable, because the repair costs were significantly less than the excess. And the policy is clear in saying it will pay the excess, or the repair costs, whichever is lower.

I've not been provided with any other reason this claim should not be paid, so based on the above, I'm satisfied it should now be paid.

Not having this claim paid would have caused distress and inconvenience to Mr B. The claim cost is not significant, and I've not been told of any substantial impact this has had on Mr B. But it's clearly caused some distress and inconvenience to him, more than I think an apology accounts for. Our Investigator thought £75 was reasonable compensation here, and Mr B agreed. So, I don't intend to change that. I'm satisfied it's a reasonable amount, in line with our guidance and similar awards made in similar circumstances.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. AMERICAN INTERNATIONAL GROUP UK LIMITED needs to;

- Pay Mr B's claim plus interest*
- Pay Mr B £75 compensation

* Interest is at a rate of 8% simple per year and paid on the amounts specified and from the date AIG declined this claim to the date it now makes this settlement. HM Revenue & Customs may require AIG to take off tax from this interest. If asked, it must give Mr B a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 November 2025.

Joe Thornley

Ombudsman